

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

Case No. 09-11435-jmp

- - - - -x

In the Matter of:

CHARTER COMMUNICATIONS, et al.,

Debtors.

- - - - -x

U.S. Bankruptcy Court

One Bowling Green

New York, New York

April 15, 2009

9:45 AM

B E F O R E:

HON. JAMES M. PECK

U.S. BANKRUPTCY JUDGE

ECRO: K. SLINGER

VERITEXT REPORTING COMPANY

212-267-6868

516-608-2400

1
2 HEARING re Motion Filed by the Debtors for an Order Authorizing
3 Payment of Prepetition Claims of Trade Creditors in the
4 Ordinary Course of Business

5
6 FINAL HEARING re Motion Filed by the Debtors (A) Authorizing,
7 but not Directing, the Debtors to Continue Their Existing Cash
8 Management System, Bank Accounts and Business Forms, (B)
9 Granting Postpetition Intercompany Claims Administrative
10 Expense Priority, (C) Authorizing Continued Investment of
11 Excess Funds in Investment Accounts and (D) Authorizing
12 Continued Intercompany Arrangements and Historical Practices

13
14 FINAL HEARING re Motion Filed by the Debtors (I) Authorizing
15 Debtors to Use Cash Collateral, (II) Granting Adequate
16 Protection to Adequate Protection Parties

17
18 HEARING re Motion Filed by the Debtors for an Order Granting
19 Adequate Protection to Second Lien Secured Parties

20
21 HEARING re Motion Filed by the Debtors for an Order Granting
22 Adequate Protection to Third Lien Secured Parties

23
24 FINAL HEARING re Motion Filed by the Debtors for Authorizing
25 Debtors to Enter into DIP Surety Bond Program

1
2 FINAL HEARING re Motion Filed by the Debtors for an Order
3 Establishing Notification and Hearing Procedures for Transfers
4 of Common Stock

5
6 HEARING re Motion Filed by the Debtors for an Order Authorizing
7 the Employment and Retention of Kirkland & Ellis LLP as
8 Attorneys for the Debtors and Debtors In Possession Effective
9 Nunc Pro Tunc to the Petition Date

10
11 HEARING re Motion Filed by the Debtors for an Order Authorizing
12 the Employment and Retention of Lazard Freres & Co. LLC as
13 Financial Advisor & Investment Banker to the Debtors

14
15 HEARING re Motion Filed by the Debtors for an Order Authorizing
16 the Employment and Retention of Togut, Segal & Segal, LLP as
17 Bankruptcy Counsel to the Debtors, Nunc Pro Tunc to the
18 Petition Date

19
20 HEARING re Motion Filed by the Debtors for an Order Authorizing
21 the Employment and Retention of AlixPartners, LLP as Their
22 Restructuring Advisor Nunc Pro Tunc to the Petition Date

1
2 HEARING re Motion Filed by the Debtors for an Order Authorizing
3 the Employment and Retention of Curtis, Mallet-Prevost, Colt &
4 Mosle LLP as Conflicts Counsel for the Debtors Nunc Pro Tunc to
5 the Petition Date

6
7 HEARING re Motion Filed by the Debtors for an Order Authorizing
8 the Employment and Retention of Davis Wright Tremaine LLP as
9 Special Regulatory Counsel to the Debtors

10
11 HEARING re Motion Filed by the Debtors for an Order Authorizing
12 the Employment and Retention of Friend, Hudak & Harris, LLP as
13 Special Telecommunications Counsel to the Debtors

14
15 HEARING re Motion Filed by the Debtors for an Order Authorizing
16 the Employment and Retention of Duff & Phelps, LLC as Valuation
17 Consultants for the Debtors and Debtors in Possession Nunc Pro
18 Tunc to the Petition Date

19
20 HEARING re Motion Filed by the Debtors for an Order Authorizing
21 the Employment and Retention of Financial Balloting Group LLC
22 as Voting and Subscription Agent to the Debtors

1
2 HEARING re Motion Filed by the Debtors for an Order
3 Establishing Procedures for Interim Compensation and
4 Reimbursement of Expenses for Professionals

5
6 HEARING re Motion Filed by the Debtors for an Order Authorizing
7 the Retention and Compensation of Certain Professionals
8 Utilized in the Ordinary Course of Business

9
10 HEARING re Motion Filed by the Debtors for an Order Determining
11 Adequate Assurance and Payment for Future Utility Services

12
13 FINAL HEARING re Motion Filed by the Debtors to Authorize, but
14 Not Direct, the Debtors to (A) Pay Certain Prepetition
15 Compensation and Reimbursable Employee Expenses, (B) Pay and
16 Honor Employee Medical and Other Benefits and (C) Continue
17 Employee Wages and Benefits Programs

18
19 HEARING re Motion Filed by the Debtors for an Order
20 Authorizing, but Not Directing, the Debtors to Pay Prepetition
21 Claims of Shippers, Warehousemen and Miscellaneous Lien
22 Claimants

1
2 FINAL HEARING re Motion Filed by the Debtors Authorizing, but
3 Not Directing, Debtors to (A) Maintain Prepetition Insurance
4 Policies, (B) Enter into New Insurance Policies, (C) Maintain
5 Premium Financing Agreement and (D) Enter into New Premium
6 Financing Agreements

7
8 FINAL HEARING re Motion Filed by the Debtors (A) Authorizing,
9 but Not Directing, the Debtors to Remit and Pay Certain Taxes
10 and Fees and (B) Authorizing and Directing Banks and Other
11 Financial Institutions to Honor Related Checks and Electronic
12 Payment Requests

13
14 HEARING re Motion Filed by the Debtors for an Order
15 (I) Authorizing and Approving Expedited Procedures for the
16 Rejection of Executory Contracts and Unexpired Leases of
17 Personal and Non-Residential Real Property and (II) Authorizing
18 the Debtors to Reject Certain Unexpired Leases of Non-
19 Residential Real Property

20
21 HEARING re Motion Filed by the Debtors for an Order Approving
22 Procedures for the Sale, Transfer or Abandonment of De Minimis
23 Assets

24
25 Transcribed By: Clara Rubin

A P P E A R A N C E S :

KIRKLAND & ELLIS LLP

Attorneys for Debtors

Citigroup Center

153 East 53rd Street

New York, NY 10022

BY: STEPHEN E. HESSLER, ESQ.

RICHARD M. CIERI, ESQ.

KIRKLAND & ELLIS LLP

Attorneys for Debtors

200 East Randolph Drive

Chicago, IL 60601

BY: RAY C. SCHROCK, ESQ.

TOGUT, SEGAL & SEGAL LLP

Attorneys for Affiliated Debtor, Charter Investment, Inc.

One Penn Plaza

New York, NY 10119

BY: ALBERT TOGUT, ESQ.

1
2 BROWN RUDNICK LLP

3 Seven Times Square

4 New York, NY 10036

5
6 BY: DANIEL J. SAVAL, ESQ.

7
8 CURTIS, MALLET-PREVOST, COLT & MOSLE LLP

9 Conflicts Counsel

10 101 Park Avenue

11 New York, NY 10178

12
13 BY: LYNN P. HARRISON 3RD, ESQ.

14
15 KRAMER LEVIN NAFTALIS & FRANKEL LLP

16 Attorneys for First Lien Lender Group

17 1177 Avenue of the Americas

18 New York, NY 10036

19
20 BY: GEORGE Z. NOVOD, ESQ.

1
2 PAUL, WEISS, RIFKIND, WHARTON & GARRISON, LLP

3 Attorneys for the Crossover Committee

4 1285 Avenue of the Americas

5 New York, NY 10019

6
7 BY: DIANE MEYERS, ESQ.

8
9 SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

10 Attorneys for Paul G. Allen

11 300 South Grand Avenue

12 Los Angeles, CA 90071

13
14 BY: KURT RAMLO, ESQ.

15
16 WHITE & CASE LLP

17 Attorneys for Law Debenture Trust Company of New York

18 1155 Avenue of the Americas

19 New York, NY 10036

20
21 BY: DWIGHT A. HEALY, ESQ.

1
2 U.S. DEPARTMENT OF JUSTICE

3 Office of the United States Trustee

4 33 Whitehall Street

5 21st Floor

6 New York, NY 10004

7
8 BY: BRIAN S. MASUMOTO, ESQ.

9
10 ARNALL GOLDEN GREGORY LLP

11 Attorneys for Creditor Verizon Communications Inc.

12 171 17th Street NW

13 Suite 2100

14 Atlanta, GA 30363

15
16 BY: FRANK N. WHITE, ESQ. (TELEPHONICALLY)

17
18 BABSON CAPITAL MANAGEMENT LLC

19 Interested Party

20 340 Madison Avenue

21 18th Floor

22 New York, NY 10017

23
24 BY: JOSEPH GALZERANO (TELEPHONICALLY)

25
VERITEXT REPORTING COMPANY

212-267-6868

516-608-2400

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

GLENN TREW, IN PRO PER (TELEPHONICALLY)

Representing Creditor Oak Hill Advisors

DENNIS PRIETO, IN PRO PER (TELEPHONICALLY)

Interested Party

P R O C E E D I N G S

THE COURT: Please be seated. Good morning.

UNIDENTIFIED SPEAKER: Good morning, Your Honor.

MR. SCHROCK: Good morning, Your Honor. Ray Schrock and Steve Hessler, as well as my partner, Rick Cieri, on behalf of the debtors. Would you like to take appearances before we get started?

THE COURT: I don't think that's necessary. Let's just proceed.

MR. SCHROCK: Okay. Very good.

THE COURT: And if anybody is speaking, they can identify themselves for the record at that time.

MR. SCHROCK: Okay. Very good, Your Honor. Your Honor, I'm pleased to report that the company has made a nice transition into Chapter 11. Its operations appear to be stabilized, pending relief, obviously second-day relief -- that's some of the second-day relief we're seeking today -- and that everything appears to be going as planned. So the company is doing quite well today.

THE COURT: Good.

MR. SCHROCK: Your Honor, in terms of the order of matters, I'd just like to follow the agenda that we filed yesterday.

THE COURT: Okay.

MR. SCHROCK: I'm pleased to report that I believe

1 we've resolved all matters, save one issue that we have with
2 the U.S. Trustee's Office just on the investment guidelines,
3 and I'll be happy to address that in turn. And, accordingly,
4 I'd like to move rather expeditiously, with Your Honor's
5 permission, through the agenda.

6 THE COURT: That's fine.

7 MR. SCHROCK: Okay. Your Honor, the first matter on
8 the agenda is the debtors' motion to pay its prepetition trade
9 claims. This motion seeks authority to pay the debtors'
10 prepetition trade claims. I'm pleased to report that we have
11 resolved the lone objection to this relief sought in the motion
12 with language in the proposed order, which I'll explain. It
13 essentially holds in abeyance the issue of the effect on their
14 company claims until -- in the context of client confirmation.

15 I'd just like to give you a brief explanation, and
16 then I do have a proffer, if Your Honor would like one, from
17 Greg Doody in support of the relief.

18 UNIDENTIFIED SPEAKER (TELEPHONICALLY): I have a lot of
19 trouble hearing it.

20 THE COURT: I'm just going to make a comment to
21 whoever is currently speaking; you know who you are. It's
22 audible in the courtroom. Please mute your phone.

23 MR. SCHROCK: Your Honor, this motion is very
24 important to the debtors and their businesses. It's one of the
25 critical aspects of our restructuring that the debtors maintain

1 their valuable trade relationships with their businesses as
2 they embark upon this prearranged plan, which is primarily, in
3 our view, a balance sheet restructuring. The claims affected
4 by this motion run the gamut from service providers to
5 providers of goods. Importantly, the debtors' unsecured
6 creditors and secured creditors either support the relief
7 directly or have not objected. And, in fact, CCO, which is the
8 operating debtor, and its subsidiaries, senior secured lenders,
9 even though they have a dispute with us on reinstatement, have
10 agreed to consent to the use of cash collateral for this motion
11 for this purpose.

12 Most or nearly all of these claims are either directly
13 obligated by CCO and its subsidiaries, which are solvent, we
14 believe, according to our valuation, by billions of dollars, or
15 indirectly obligated through the management agreement that we
16 attached to the motion. By paying these claims, one of the
17 critical things that we think is important for the Court to
18 consider is that we avoid the unnecessary cost of paying
19 interest on these claims during the pendency of the case that
20 we otherwise would think would be due. And at this time, I'd
21 like to read a brief proffer from Greg Doody, our chief
22 restructuring officer, into the record in support of the
23 motion.

24 THE COURT: That's fine. Let me just ask you if
25 there's any objection that anyone has to proceeding by means of

1 a proffer? I hear no objection, and you may proceed in that
2 manner.

3 MR. SCHROCK: Thank you, Your Honor. Your Honor, if
4 called to testify, Mr. Doody is present in the courtroom here
5 today. Greg Doody is the chief restructuring officer and
6 senior counsel at Charter. Mr. Doody would further testify
7 regarding his background and experience, as he did in his
8 declaration in support of the first-day pleadings, which is at
9 docket number 2. We would also submit Mr. Doody's testimony in
10 his first-day declaration to his testimony in support of this
11 motion. Mr. Doody would testify that Charter is seeking
12 authority to pay prepetition trade payables. These prepetition
13 payables are debts incurred by Charter for goods and services
14 to operate Charter's business in the normal course that are
15 critical to the operation of Charter's businesses.

16 The authority to pay these trade payables is critical
17 to Charter's restructuring efforts for several reasons. First,
18 paying the debtors' trade payables is consistent with the
19 debtors' obligation to maximize creditor recoveries by avoiding
20 any destabilization of the debtors' businesses. The debtors
21 have been able to maintain trade credit terms with nearly all
22 of their vendors. Should this relief be denied, the debtors
23 would likely experience a severe contraction in trade credit
24 that would affect cash flows not only during these cases but
25 after emergence. Moreover, the debtors could receive negative

1 publicity for failing to pay such trade payables in a timely
2 fashion that could also negatively impact the businesses.

3 Second, these payments are due from CCO or its
4 subsidiaries in nearly all instances. CCO and its
5 subsidiaries, as evidenced by the debtors' valuation attached
6 as Exhibit D to its disclosure statement, are solvent by
7 billions of dollars. Those companies are either obligated,
8 directly or indirectly, through the management agreement to
9 make the payments sought for approval. CCO, its subsidiaries
10 and the creditors in these cases wish to avoid the payment of
11 interest on these claims, which would only reduce recoveries.

12 Third, the secured and unsecured creditors of the
13 debtors either support the relief sought or have no objection.
14 Even our banks with whom we have an issue on reinstatement
15 support the relief. The relief in continuation of the debtors'
16 normal-course operations are critical to the debtors' plan and
17 going-concern strategy.

18 Fourth, the debtors have agreed to defer the issue of
19 the effect on intercompany balances to the confirmation
20 hearing. This avoids any potential harm to creditors by paying
21 these claims early in the cases and disrupting arguments as to
22 the best interests of creditors or other confirmation issues.

23 For all of these reasons, the debtors have determined,
24 in their sound business judgment, among others, that the
25 payments would either preserve or enhance the value of the

1 debtors' estates. This would be the sum and substance of Mr.
2 Doody's testimony.

3 THE COURT: All right. Is there anyone who wishes to
4 cross-examine with respect to the substance of the proffer? I
5 hear no one interested in doing that, and I accept the proffer
6 in support of the relief requested.

7 MR. SCHROCK: Okay. Your Honor, I don't have anything
8 else. We'd ask for the Court's approval of the motion.

9 THE COURT: I approve it.

10 MR. SCHROCK: Thank you, Your Honor. Your Honor, the
11 next motion is the debtors' cash management motion. The relief
12 sought is routine, and I'll just cut to the chase and just
13 address the U.S. Trustee's objection. I think the trustee has
14 two objections to the debtors' relief, and they deal with
15 investment funds that the debtors currently hold outside of our
16 prepetition lender bank group. Specifically, there's about 350
17 million dollars held by Fidelity and State Street that are held
18 in money market accounts. These are accounts designed to hold
19 principal at a dollar. They are very safe investments. These
20 funds are obviously very critical to the debtors' operations
21 and plan and ongoing strategy. And it's also critical, we
22 think, and important to the debtors that we keep these funds
23 outside of the current lender group. We realize we have an
24 arrangement on cash collateral, but, you know, frankly, the
25 debtors feel more comfortable keeping these funds where they

1 are.

2 Now, the U.S. Trustee has objected to -- you know,
3 that it's not an authorized depository. But with all due
4 respect to the U.S. Trustee's Office, there's a list of banks
5 that would include a number of smaller institutions: Bank of
6 Puerto Rico, a number of banks where the debtors would not
7 traditionally prefer to hold funds. And there's many of the
8 banks that are in the debtors' prepetition lender group. And
9 the debtors, frankly, would prefer to keep the funds where they
10 are and in safe investments.

11 The debtors submit that they can meet the cause
12 standard for relief from 345(b) and that relief has been
13 routinely granted by this court and other courts within the
14 district, including, I believe, in the Sirva cases, Musicland,
15 any number of cases where we've gotten relief from 345(b) in
16 other instances. In fact, there's weighing in favor of cause
17 the sophistication of the debtors' businesses -- obviously, we
18 rely on our first-day affidavit for that factor -- the size of
19 the debtors' business operations, the bank ratings. These
20 funds are held in money market accounts, which are rated A1 by
21 Moody's. In fact, a great majority of the funds are through
22 the money market account already invested in treasuries.

23 As to the amount of money that's at issue, if we were
24 to put these funds in treasuries, I think the return, which is
25 at historic lows, is about .08 percent annually, whereas in the

1 money market funds, we're at -- we're at least up to a quarter
2 percent. It rounds out to about a million --

3 THE COURT: That's pretty pathetic.

4 MR. SCHROCK: It is pretty pathetic. I agree, Judge.
5 But it is a million dollars; it's real money to the estate.
6 And we think that the debtors are in the best position to judge
7 where this is, especially with the sophisticated parties in
8 these cases that are watching over our shoulder. We think this
9 is a reasonable request, and it's consistent with precedent in
10 this district. And, again, the U.S. Trustee's Office has
11 consented to this relief in any number of instances. It must
12 be the current environment, I'm presuming, why they're not
13 consenting in this instance. But if it is necessary, Judge, I
14 do have a proffer from Greg Doody in support of the cause
15 standard, but I think at this point I'll just let the U.S.
16 Trustee speak.

17 THE COURT: Mr. Masumoto, let me hear from you.

18 MR. MASUMOTO: Good morning, Your Honor. Brian
19 Masumoto for the Office of the United States Trustee. Your
20 Honor, as indicated by counsel, I believe he has summarized our
21 position accurately, although I would like to also point out
22 that part of our objection includes not just merely where the
23 funds are at the present time but the scope of the investment
24 guidelines, which, I believe, as indicated in our papers,
25 provides for the investment and corporate unsecured bonds that

1 had less than a ninety-day maturity. So some -- so their --
2 the potential for their investment in funds other than the
3 current money market funds is built into the order, which, if
4 approved by the Court, will give them that discretion to do
5 down the road. And it may be into funds that have less than
6 the current level of protection that currently exist.

7 THE COURT: But what's the real concern here? I mean,
8 as counsel pointed out, there have been any number of other
9 instances in which relief from the guidelines has been both
10 permitted by the Court and ultimately accepted by your office.
11 Why the hard-line position here?

12 MR. MASUMOTO: Part of the reason, Your Honor, is, as
13 indicated by counsel, and as I believe everyone is aware, the
14 current financial circumstances dictate a greater degree of
15 caution on the part of the U.S. Trustee. From our standpoint,
16 whatever standards that were applied for establishing cause
17 should be reviewed in light of the current financial conditions
18 of the financial institutions. I think the papers are replete
19 with the circumstances in which many banks --

20 THE COURT: We're talking about the newspapers?

21 MR. MASUMOTO: Yes, Your Honor. I mean, the -- in the
22 press, in newspapers and on the Internet, on the news, there
23 are repeated reports of financial institutions that are
24 suffering due to certain collateral -- that the swaps, the
25 credit default swaps, and other types of obligations which,

1 frankly, don't have to appear on the books; in fact, don't
2 appear on the books until they have to be recognized. And
3 these types of investments are certainly not entirely
4 transparent, and it appears to be the source of a great deal of
5 the uncertainty and insecurity on the part of the public as
6 well as other financial institutions. And, accordingly, from
7 our standpoint, we do ask that stricter guide -- that a
8 stricter -- well, I -- Your Honor, I'm not saying a stricter
9 standard. I believe that the cause standard is as exists, but
10 I think we cannot turn a blind eye to the current financial
11 situation.

12 For example, even with respect to the money market
13 funds, unfortunately these money market funds do not appear to
14 be part of the temporary Treasury guarantee. Counsel has
15 indicated that these funds were deposited after September 18th,
16 2008. Had it been prior to that date, and if the respected
17 money market funds had elected to participate in the guaranteed
18 program, they would have been protected as if they were an
19 FDIC-insured deposit account. Unfortunately, these do not
20 qualify.

21 But, again, those options were available. There
22 are -- there could -- they're certainly money market fund
23 investments that might have been eligible. As I said,
24 unfortunately, at this point, the debtor can't avail themselves
25 of that protection since they deposited the funds after the

1 effective date of the temporary program. But, nevertheless,
2 with respect to the FDIC-protected bank accounts, as Your Honor
3 is aware, that amount has been elevated to 250,000 dollars.
4 However, that increased protection is only temporary. That
5 protection will expire, unless extended, on December -- at the
6 end of December 31st, 2009.

7 So, again, the very nature of the current
8 circumstances dictate caution with respect to these funds.
9 Even the United States government has recognized the
10 circumstances by increasing the protection on FDIC accounts.
11 And so to the extent that the accounts here are not so
12 protected that if the amounts in some of the -- I know we were
13 focusing on the two largest accounts of 350,000 -- or 350
14 million dollars. However, if they have any smaller accounts
15 that exceed the FDIC protection, we would ask that they be
16 moved into accounts that are so protected.

17 Now, with respect to those banks, again, the list of
18 authorized depositories is not a fixed list, and it is a simple
19 matter for any bank, wherever located, to apply for and to
20 qualify as an authorized depository. The U.S. Trustee's Web
21 site has the applicable forms, and they're easily accessible by
22 any bank or debtor to apply for status as an authorized
23 depository. The mere designation of authorized depository
24 simply indicates that these banks will participate in the
25 program and the policy of posting collateral to protect

1 bankruptcy estate funds, which means that the debtors' accounts
2 will be thereby protected against any sort of bank defaults or
3 insolvency.

4 So, again, accordingly, notwithstanding our -- the
5 U.S. Trustee's failure to object or to pursue appeal in prior
6 rulings where variations from the, well, 345 standard were
7 approved by the Court, I think, again, the current environment
8 has created a situation that is entirely different from that
9 which existed at the time that's mentioned in the earlier
10 cases.

11 Again, there are cert -- there are a number of
12 opportunities for the bank to protect these funds, and we do
13 ask the Court to make every effort to require the company to do
14 so. Particularly, as I said, the current guidelines will not
15 only ask that the Court allow the funds to remain in the money
16 market but allow them the discretion to invest in other types
17 of funds which may, in fact, be even less secure.

18 I would note, as indicated in our papers, we did
19 anticipate -- or we had projected that the organizational
20 meeting for the formation of the committee was scheduled for
21 April 10th, 2009. That did take place --

22 UNIDENTIFIED SPEAKER (TELEPHONICALLY): (Sneezes).

23 MR. MASUMOTO: I'm sorry. That did take place, and my
24 understanding --

25 THE COURT: That was somebody at a remote location

1 sneezing or coughing.

2 MR. MASUMOTO: Okay.

3 THE COURT: Once again, if you're on the phone, please
4 mute your lines.

5 MR. MASUMOTO: I've been advised by counsel for the
6 debtor that they currently -- they have been in communication
7 with the committee -- with at least certain committee members
8 who are apparently today interviewing counsel for the unsecured
9 creditors' committee. So I don't know if there's anyone here
10 on behalf of the committee today. Typically, as Your Honor
11 knows, on the -- on interim orders we generally do have a
12 preference for allowing the committee to weigh in. So I don't
13 know what the position of the committee is or would be with
14 respect to this order, but I do know that currently it appears
15 they do not have yet counsel representing them.

16 So under the circumstances, again, we ask Your Honor,
17 one, to certainly, at a minimum, eliminate the discretion to
18 invest in these secured -- unsecured debts with maturity dates
19 of less than ninety days. But we also ask the Court to require
20 the debtor to move funds into accounts that are protected under
21 Section 345(b).

22 THE COURT: All right. Thank you. Let me just --
23 before we hear from counsel for the debtor again, as a follow-
24 up to your comment about the committee, is there anyone in
25 court who either represents the committee or is a member of the

1 committee? Apparently not.

2 MR. SCHROCK: Your Honor, just a very brief response.
3 First, Your Honor, you know, as to the newspaper articles, many
4 of the banks that are in the headlines are, in fact, on the
5 list of all the highest depositories for the U.S. Trustee. So
6 I submit that, to our knowledge, Fidelity and State Street,
7 where the funds are held, are not among those banks that have
8 been talked about. And it's something the debtors and their
9 unsecured creditors have been monitoring very carefully. I
10 think that the unsecured creditors in this case were investing
11 a lot of money under the plan and who have been very involved
12 in the cases have provided their consent to the relief and
13 support it. They signed off on all of these first-day motions,
14 including with respect to this relief.

15 I'd also say that it's just not feasible to move this
16 money around in 250,000 dollar increments to make sure it's
17 insured. And, in fact, I just don't think that's the standard
18 required under 345(b). Nor do I think that someone has to be
19 an authorized depository under the U.S. Trustee guidelines to
20 comply with 345(b). The debtors are a sophisticated business
21 operation. These funds are extremely important to us. We have
22 every incentive to make sure that they're protected, and we'd
23 ask that our investment guidelines be approved.

24 THE COURT: Let me ask you a question about --

25 MR. SCHROCK: Sure.

1 THE COURT: -- this money in particular, the 350
2 million dollars at State Street and Fidelity. Is this money
3 simply being parked or is it money which is used in the
4 ordinary course of operations to fund payroll or to fund other
5 operating accounts? What's the money doing, other than sitting
6 there?

7 MR. SCHROCK: Your Honor, I believe that the money
8 right now is simply sitting there, and we're using it as a
9 backup for liquidity and also to make a simple return on our
10 investment. But I think the company strategy here is to hold
11 it in prime -- you know, very much liquid assets so if they
12 were to need to use it, they could have access to the funds.
13 But right now they are not. And I'll just confer with
14 Mr. Doody, who nodded his head that that is, in fact, correct.

15 THE COURT: I saw him nod his head as well, and I
16 confirm on the record that he nodded his head. Okay.

17 MR. SCHROCK: Your Honor, I don't have anything
18 further. We'd ask that we be granted leave from 345(b).

19 THE COURT: Is there anyone else who has any position
20 on this? And I'm particularly interested in knowing if the
21 crossover committee has any issue one way or the other.

22 MS. MEYERS: Good morning, Your Honor. Diane Meyers
23 of Paul, Weiss, Rifkind, Wharton & Garrison, on behalf of the
24 crossover committee. And it's our posi -- we support the
25 debtor in this motion. We defer to the debtor's business

1 judgment. In terms of its cash, we believe that it's probably
2 more appropriate for the company, if the money is being parked
3 in order to fund the plan or for other business purposes, that
4 they be earning interest on the money. We also think that it
5 is unrealistic, considering the magnitude of the funds, for all
6 of these funds to be moved into accounts of 250,000 dollars
7 merely to be insured by the FDIC. In the best of all worlds,
8 we would love for the money to be insured by the FDIC. It
9 seems highly impracticable under the circumstances.

10 THE COURT: All right. Thank you.

11 MS. MEYERS: Thank you.

12 THE COURT: Is there anyone else who wishes to be
13 heard with respect to this issue? I'm going to overrule the
14 U.S. Trustee objection and approve the final order relating to
15 the cash management of the debtor. As to the money we're
16 discussing, the 350 million dollars at State Street and at
17 Fidelity, I think it would be highly desirable if that were
18 completely and utterly secure. That's true of all funds for
19 all of us, not just in Chapter 11 cases. Regrettably, given
20 the current state of the global financial system, some risk,
21 even in institutions that appear externally to be relatively
22 risk-free, is an element of life in 2009.

23 I'm mindful of the policy of the U.S. Trustee's
24 Office, and I'm grateful that the U.S. Trustee, in cases large
25 and small, steps forward to protect the interests of estate

1 property. And this is an example of that policing of Chapter
2 11 cases. Whether or not funds are insured and whether or not
3 they're in an authorized depository does not necessarily
4 protect parties-in-interest from risk. I'm mindful of other
5 cases pending in the Southern District Bankruptcy Court where
6 monies were thought to be secure in attorney escrow accounts
7 and, in fact, were not secure.

8 I mention that only by way of example to point out
9 that sources of assurance that we all accepted as true in the
10 recent past are not necessarily true and abiding today. The
11 nineteen largest institutions in the United States are to be
12 exposed with stress tests within the next day or two. My
13 understanding is that certain information relating to those
14 stress tests will become public. We live in an age when
15 financial risk is regrettably an aspect of our daily lives.

16 The circumstances of this bankruptcy case are somewhat
17 unusual, not just because it seems even now to be a single-
18 issue case but because it's also an extraordinarily large case
19 involving a very successful and well-managed business. This is
20 not a situation in which unsecured creditors are exposed to any
21 appreciable risk. In fact, I just approved the motion of the
22 debtors for an order authorizing the payment of prepetition
23 claims. Accordingly, this is not a situation in which
24 unsecured creditors are at any risk that's appreciable if
25 they're not going to receive full payment of their claims.

1 Additionally, the fact that the crossover committee,
2 through counsel, has supported this relief, and the crossover
3 committee represents, as was pointed out on day one, the
4 fulcrum interest in this bankruptcy, they are in fact
5 performing a function comparable to what a creditors' committee
6 would be performing if a creditors' committee had retained
7 sophisticated counsel. I view their support for this relief as
8 significant. But even if they said nothing, I would be
9 inclined, given the representation confirmed by Mr. Doody's nod
10 of the head, that this money is simply being parked to earn
11 interest as a standby liquidity facility as reason enough to
12 defer to the debtors' business judgment.

13 For these reason, I both praise the U.S. Trustee's
14 Office for their diligence but overrule their objection.

15 MR. SCHROCK: Thank you, Your Honor. Your Honor, the
16 next matter on the agenda is the debtors' motion for a final
17 order on the use of cash collateral. I am pleased to report
18 that we have modified the order with the agreement of first
19 lien lenders to not have a lien on proceeds of avoidance
20 actions for use of cash collateral. There were no objections,
21 and we'd ask that the order be approved.

22 THE COURT: It's approved.

23 MR. SCHROCK: Okay. Your Honor, the next motion is
24 the debtors' motion to provide adequate protection to our
25 second lien lenders, a very standard package of default

1 interest and replacement liens on the existing collateral
2 package. We ask that it be approved.

3 THE COURT: It's approved.

4 MR. SCHROCK: All right. Your Honor, likewise, next
5 motion is the debtors' motion to provide adequate protection to
6 CCOH third lien lenders, substantially same as the adequate
7 protection package provided to the seconds. Again, there are
8 no objections. We ask that it be approved.

9 THE COURT: That motion is approved as well.

10 MR. SCHROCK: Thank you, Your Honor. Your Honor, the
11 next motion is the debtors' motion for a final order to approve
12 the surety bond facility. This motion seeks authority to use
13 the full amount of the facility up to 150 million. It does
14 include a roll-up of the prior facility, but, again, CCO is an
15 obligor, the solvent debtor on that facility. We have no
16 objections. We ask that it be approved.

17 THE COURT: Approved.

18 MR. SCHROCK: Okay. Your Honor, the next motion is
19 the debtors' NOL preservation motion. We did serve out the
20 interim order as required under the interim order, and we have
21 no objections received. We ask that it be approved.

22 THE COURT: It's approved.

23 MR. SCHROCK: Your Honor, the next motion is the
24 debtors' application to retain Kirkland & Ellis as debtors'
25 counsel. There were no objections filed, but there was a

1 statement filed by Law Debenture Company, which is the
2 indentured trustee to the CCI -- the ultimate parent notes, and
3 I'd like to address that statement briefly. Your Honor, I will
4 take the high road on responding to the statement, but we
5 honestly --

6 THE COURT: You're almost suggesting that you could
7 choose not to take the high road.

8 (Laughter)

9 MR. SCHROCK: I would not, Your Honor. The primary
10 point of emphasis, I believe, in the statement was to emphasize
11 that there could be an issue here with intercompany claims in
12 the case. Our response to that is this case, like any complex
13 case, has intercompany claims. I would note that the debtors'
14 plan that's on file treats as unimpaired intercompany claims in
15 the case. We don't think that there's a dispute here on
16 intercompany claims. It's going to be a factual matter as to
17 what those intercompany claims are, and then people will be
18 paid accordingly.

19 The most of the Law Debenture's missive at the end of
20 the motion, I believe, you know, we take for what it is, which
21 is direct and indirect statements that they are unhappy with
22 their treatment under the plan. We see that for what it is.
23 We don't -- I don't feel the need to respond to each and every
24 individual allegation. I will simply say that we disagree with
25 those statements.

1 I'll end by stating that if intercompany claims ever
2 did become an issue, Your Honor, we would deal with it, as we
3 are required to do by our ethical obligations, as with the
4 debtors' directors and officers. And we are very aware and
5 cognizant and will abide by our fiduciary duties in these
6 cases.

7 THE COURT: Is there anyone from White & Case who
8 wishes to make a comment, or are you simply relying on the
9 eight-page document that was filed in reference to the Kirkland
10 & Ellis application?

11 MR. HEALY: Your Honor, Dwight Healy. I don't propose
12 to elaborate on the statement. The purpose of the statement
13 was to highlight for the Court and to record the fact that,
14 although we have no objection to the retention of Kirkland &
15 Ellis, we do think that there may come a point when there are
16 potential issues that require focused consideration by Kirkland
17 and/or the Court about the relationship and dealings between
18 the debtor in the case. And I feel like I have nothing further
19 to add on that.

20 THE COURT: All right. I treat the statement as, in
21 effect, a warning shot and a reservation of rights and not
22 truly an objection to the retention of Kirkland & Ellis as
23 attorneys for the debtors. Does the U.S. Trustee have any
24 comment?

25 MR. MASUMOTO: No, we do not, Your Honor.

1 THE COURT: The application authorizing the employment
2 of Kirkland & Ellis is approved.

3 MR. SCHROCK: Thank you, Your Honor. Your Honor, the
4 next application is the debtors' application to retain Lazard
5 Freres as our investment bankers/financial advisors. Your
6 Honor, very briefly, the terms provides for a monthly fee as
7 well as a restructuring fee of sixteen million. I did want to
8 note for the Court eight million -- under the terms of the
9 engagement letter, eight million was paid before the cases were
10 filed and in accordance with the engagement letter's terms,
11 given that we've received acceptances on the plan. The
12 remaining success fee is to be paid upon consummation of a plan
13 of reorganization. There are no objections.

14 THE COURT: The engagement is approved.

15 MR. SCHROCK: Thank you, Your Honor. At this point
16 I'm going to cede the podium to my partner, Steve Hessler.

17 MR. HESSLER: Good morning, Your Honor. Steve Hessler
18 of Kirkland & Ellis on behalf of the debtors.

19 THE COURT: Good morning.

20 MR. HESSLER: The next seven items are all within
21 section B of the agenda, and they're all additional retention
22 applications. For efficiency's sake, I'll go ahead and list
23 them upfront, and then we can talk about each of them
24 individually as the Court desires. Item B3 is the application
25 to retain Togut, Segal & Segal as counsel to the Debtor Charter

1 Investment, Inc. B4 is the retention of AlixPartners as the
2 debtors' restructuring advisors. B5 is the retention of
3 Curtis, Mallet-Prevost as the debtors' conflicts counsel. B6
4 is the retention of Davis Wright Tremaine as the debtors'
5 special regulatory counsel for cable issues. B7 is the
6 retention of Friend, Hudak & Harris as the debtors' special
7 regulatory counsel for telephone issues. B8 is the retention
8 of Duff & Phelps as the debtors' valuation consultant. And B9
9 is the retention of the Financial Balloting Group as the
10 debtors' voting and subscription agent.

11 Your Honor, we have had extensive discussions both pre
12 and postpetition with the U.S. Trustee's Office about these
13 applications to clarify a number of issues. And per the U.S.
14 Trustee's request, we have made a number of changes to both the
15 applications and the orders. Various professionals also have
16 filed supplemental declarations with the Court to account for
17 updated conflicts checks and to clarify other disclosures
18 requested by the trustee.

19 Lastly, Your Honor, the Trustee's Office did ask us to
20 state on the record this morning that all professionals will
21 advise the trustee and any statutory committees of any hourly
22 rate increases that may come up before any such increase takes
23 effect, and the various professionals have all agreed to do so,
24 Your Honor.

25 THE COURT: What happens if an hourly rate is

1 decreased? Does anything happen then?

2 MR. HESSLER: We're happy to inform the --

3 THE COURT: Or --

4 MR. HESSLER: -- relevant parties as well.

5 THE COURT: -- or that happens never happens?

6 MR. HESSLER: Your Honor, the debtors believe there
7 are no outstanding issues to any of these applications and
8 would ask that the respective orders be entered.

9 THE COURT: Is there anyone who has anything to say
10 with respect to any of the particular applications that have
11 just been identified? It seems to be correct that these are in
12 all respects without controversy, and I approve them all.

13 MR. HESSLER: Thank you, Your Honor. Your Honor, the
14 next item is B10 on the agenda, which is the debtors' motion to
15 establish procedures for interim compensation and reimbursement
16 of expenses of retained professionals. The debtors assert the
17 proposed procedures are consistent with Section 331, and these
18 procedures are routinely employed in similar cases in this
19 district. No objections were filed to this motion, Your Honor,
20 and we would request that the proposed order be entered.

21 THE COURT: It's approved, and I will enter the order.

22 MR. HESSLER: Your Honor, the next item is B11 on the
23 agenda, which is the debtors' motion for authority to employ
24 ordinary-course professionals. Your Honor, the proposed OCPs
25 provide services on a variety of specialized matters unrelated

1 to the Chapter 11 cases. Here as well, the proposed procedures
2 are consistent with those commonly employed in this district.
3 No objections were filed to this motion, and we would request
4 that the order be entered, Your Honor.

5 THE COURT: This is approved as well.

6 MR. HESSLER: Your Honor, turning to the operational
7 motions on the agenda, the next item is C1, the debtors'
8 utilities motion, for which the debtors today are seeking entry
9 of an interim order. Your Honor, the debtors have
10 approximately 30,000 accounts with 1,500 utility providers and
11 spend approximately 10 million dollars each month on utility
12 costs. To provide adequate assurance of payment for
13 postpetition services, the debtors propose to deposit
14 approximately five million dollars, which is the aggregated --
15 excuse me, the estimated aggregate cost of two weeks' utility
16 service, into a newly created, segregated, interest-bearing
17 account.

18 Your Honor, under the proposed procedures, any utility
19 provider that seeks additional adequate assurance may request
20 such assurance pursuant to the procedures set forth in the
21 motion. Two responses were filed to our utility motion. The
22 first was a limited objection of Alabama Power Company, and the
23 second was a request for adequate assurance by ANN Electric
24 Cooperative. By consent of the parties, Your Honor, both
25 responses are being adjourned to the next omnibus hearing and

1 with the expectation that all issues will be resolved before
2 then.

3 I would note, Your Honor, that my colleagues from
4 Curtis Mallet has a statement for the record.

5 THE COURT: Mr. Harrison? Good morning.

6 MR. HARRISON: Good morning, Your Honor. If it
7 pleases the Court, Lynn Harrison of Curtis, Mallet-Prevost,
8 Colt & Mosle, conflicts counsel on behalf of the debtors in
9 these proceedings, Your Honor. For the record, we have been in
10 negotiations with Verizon Communications Inc., which is a
11 provider of various services, including interconnection
12 services for the debtors, Your Honor. We hope to submit a
13 stipulation addressing the assurances issue for Verizon without
14 prejudice to the parties' rights as to any matter regarding the
15 instant motion, including whether or not Verizon is a utility
16 under Section 366. So, for all purposes, Your Honor, we're
17 adjourning this application with respect to Verizon. And I
18 believe counsel, Mr. Frank White, on behalf of Verizon is
19 appearing by phone today, and I believe he's going to consent
20 to the statements that I'm making on the record.

21 THE COURT: Mr. White, that's your cue to say that you
22 consent, if you're on the phone.

23 MR. WHITE: Your Honor, Frank White for Verizon. And,
24 indeed, I do consent to the adjournment. Thank you.

25 THE COURT: Fine.

1 MR. HARRISON: Thank you very much, Your Honor.

2 THE COURT: That worked, Mr. Harrison.

3 MR. HARRISON: Thank you.

4 MR. HESSLER: Your Honor, the debtors request that the
5 interim order be entered.

6 THE COURT: I'll enter it.

7 MR. HESSLER: The next item, Your Honor, is C2 on the
8 agenda, the debtors' wages motion. The majority of the relief
9 sought in the proposed final order was already granted on an
10 interim basis at the debtors' first-day hearing. Your Honor,
11 one item to put on the record, we did learn from the company
12 last night that our motion inadvertently omitted certain
13 compensation to be paid to directors of the debtor. The motion
14 does presently explain at paragraph 23 that each of the
15 directors receives a retainer at the beginning of each quarter
16 as well as payments for each in-person and telephonic board or
17 committee meeting. The motion should have included that there
18 are four board committees and the chairpersons of each
19 committee also receive a quarterly retainer in amounts varying
20 from 2,500 dollars for the compensation of benefits committee
21 and the corporate governance committee, 5,000 dollars for the
22 chairperson of the executive committee, and 6,250 dollars for
23 the chairperson of the audit committee. The total amount of
24 the committee chair retainers is 16,250 dollars per quarter,
25 Your Honor. Rather than incur the expense of drafting and

1 filing an additional motion solely on this point, the debtors
2 would propose to place this issue on the record and seek
3 authority to include these payments under the general terms of
4 the proposed final order. Otherwise, Your Honor, notably no
5 objection was filed to the final order, and the debtors would
6 request that the proposed order be entered.

7 THE COURT: Let me inquire if there is anyone present
8 who objects to curing this oversight by means of including the
9 authority to pay these directors' fees within the general
10 provisions of the relief sought. I hear no objection to this.
11 I'll note, however, that in terms of my own comfort level, even
12 though the amounts are, in relative terms, modest, and I would
13 prefer to avoid imposing any additional administrative burdens
14 on the estate, I think it would be appropriate to do this by
15 notice of proposed order as opposed to simply treating silence
16 as consent to something that was never actually noticed. For
17 that reason, I'm going to grant you the relief, but as it
18 relates to these particular incremental directors' fees to
19 individuals who, I assume, even in the current economic
20 climate, will not be harmed by having to wait a few extra days,
21 I suggest that that aspect of the relief be the subject of a
22 separate notice of presentment.

23 MR. HESSLER: We will do so, Your Honor.

24 THE COURT: Fine.

25 MR. HESSLER: Your Honor, the next item is C3 on the

1 agenda, the debtors' shippers and lien claimants motion. The
2 substantive relief sought in the proposed final order was
3 already granted on an interim basis at the debtors' first-day
4 hearing. On a final basis, the debtors are seeking authority
5 to pay up to the remaining 400,000 dollars in accrued but
6 unpaid shipping charges and up to 900,000 dollars in accrued
7 but unpaid lien claimant claims that the debtors expect to come
8 due after this hearing. These amounts are in addition to the
9 amounts already authorized to be paid to shippers and lien
10 claimants under the interim order, Your Honor. No objection
11 was filed to the final order, and the debtors would request
12 that the proposed order be entered.

13 THE COURT: I'll enter it.

14 MR. HESSLER: Your Honor, the next item is C4 on the
15 agenda, the debtors' insurance motion. Here as well, the
16 substantive relief in the proposed final order was already
17 granted on an interim basis at the debtors' first-day hearing.
18 On a final basis, the debtors seek authority to pay prepetition
19 obligations for various insurance policy-related costs that the
20 debtors estimate will not exceed an aggregate amount of 4.3
21 million dollars. No objection was filed to the final order,
22 Your Honor, and we would ask that the Court enter the proposed
23 order.

24 THE COURT: I will enter that proposed order as well.

25 MR. HESSLER: Your Honor, the next item is C5 on the

1 agenda, the debtors' taxes motion, through which the debtors
2 seek to continue to collect and pay applicable taxes and fees.
3 The taxes motion was already approved on an interim basis. No
4 objection was filed to the final order, Your Honor, and the
5 debtors request that the proposed order be entered.

6 THE COURT: I approve it on a final basis and will
7 enter the order.

8 MR. HESSLER: Your Honor, the next motion is C6 on the
9 agenda, which requests two items of rejection-related relief.
10 First, the debtors seek approval of expedited procedures for
11 rejecting executory contracts and unexpired leases of personal
12 and nonresidential real property. The debtors assert the
13 proposed procedures are fair, efficient and consistent with
14 rejection procedures commonly approved in this district.
15 Second, Your Honor, the debtors seek to reject five unexpired
16 leases, and the requisite details for all five leases are set
17 forth in our motion.

18 Your Honor, a single response to our motion was
19 untimely filed yesterday, the day after the objection deadline.

20 THE COURT: It's really a cure objection.

21 MR. HESSLER: Exactly. I was just going to note, Your
22 Honor, that the response itself notes that this is a claims
23 reconciliation issue and should not be a bar to the relief
24 sought in the order before the Court today, which we would
25 request the Court enter.

1 THE COURT: I'll enter it.

2 MR. HESSLER: Your Honor, the final item on today's
3 agenda is C7, the debtors' motion for approval of procedures
4 for the sale or abandonment of de minimis assets. The debtors
5 do not presently know whether these procedures will be utilized
6 but do feel it's prudent to put these in place as the debtors
7 consider their options for disposing of unwanted or obsolete
8 assets. No objection was filed to the order. The debtors
9 request that the order be entered.

10 THE COURT: I approve it, and I'll enter the order.

11 MR. HESSLER: Thank you, Your Honor. Thank you, Your
12 Honor.

13 THE COURT: Thank you.

14 MR. SCHROCK: Your Honor, Ray Schrock of Kirkland &
15 Ellis on behalf of the debtors. Just one clarifying comment on
16 the insurance motion, the debtors also did seek relief to pay
17 amounts relating to the insurance policy, which in certain
18 instances, for instance, we could have an automobile deductible
19 or payments that arose prepetition related to payouts on an
20 insurance policy that the debtors also sought relief to pay.
21 So it wouldn't be included in that 4.3 million. And I just
22 wished to correct that for the record and note that for Your
23 Honor.

24 THE COURT: Thank you for the clarification.

25 MR. SCHROCK: Thank you.

1 THE COURT: Is there anything more for today?

2 MR. SCHROCK: Nothing, Your Honor.

3 THE COURT: Then we're adjourned.

4 MR. SCHROCK: Thank you.

5 THE COURT: Thank you.

6 IN UNISON: Thank you, Your Honor.

7 (Proceedings concluded at 10:32 AM)

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

I N D E X

R U L I N G S

DESCRIPTION	PAGE	LINE
Debtors' motion for order authorizing payment of prepetition claims of trade creditors approved	17	9
Debtors' motion for final order re: debtors' cash management system approved	27	14
Debtors' motion for final order on use of cash collateral approved	29	22
Debtors' motion for order granting adequate protection to second lien secured parties approved	30	3
Debtors' motion for order granting adequate protection to third lien secured parties approved	30	9
Debtors' motion for final order authorizing debtors to enter into DIP surety bond program approved	30	17
Debtors' motion for final order establishing notification and hearing procedures for transfers of common stock approved	30	22

1			
2	DESCRIPTION	PAGE	LINE
3	Debtors' motion for order authorizing	33	2
4	employment and retention of Kirkland &		
5	Ellis as attorneys for debtors and		
6	debtors-in-possession approved		
7	Debtors' motion for order authorizing	33	14
8	employment and retention of Lazard Freres		
9	as financial advisor and investment		
10	banker approved		
11	Debtors' motion for order authorizing	35	12
12	employment and retention of Togut, Segal		
13	& Segal as bankruptcy counsel approved		
14	Debtors' motion for order authorizing	35	12
15	employment and retention of AlixPartners		
16	as restructuring advisor approved		
17	Debtors' motion for order authorizing	35	12
18	employment and retention of Curtis,		
19	Mallet-Prevost, Colt & Mosle as conflicts		
20	counsel approved		
21	Debtors' motion for order authorizing	35	12
22	employment and retention of Davis Wright		
23	Tremaine as special regulatory counsel		
24	approved		
25			

1			
2	DESCRIPTION	PAGE	LINE
3	Debtors' motion for order authorizing	35	12
4	employment and retention of Friend,		
5	Hudak & Harris as special telecommunications		
6	counsel approved		
7	Debtors' motion for order authorizing	35	12
8	employment and retention of Duff & Phelps		
9	as valuation consultants approved		
10	Debtors' motion for order authorizing	35	12
11	employment and retention of Financial		
12	Balloting Group as voting and subscription		
13	agent approved		
14	Debtors' motion for order establishing	35	21
15	procedures for interim compensation and		
16	reimbursement of expenses for professionals		
17	approved		
18	Debtors' motion for order authorizing	36	5
19	retention and compensation of certain		
20	ordinary-course professionals approved		
21	Debtors' motion for interim order	38	6
22	determining adequate assurance and payment		
23	for future utility services approved		
24	Debtors' motion for final order on	39	17
25	wages motion approved		

1			
2	DESCRIPTION	PAGE	LINE
3	Debtors' motion for final order authorizing,	40	13
4	but not directing, debtors to pay		
5	prepetition claims of shippers and lien		
6	claimants approved		
7	Debtors' motion for final order authorizing,	40	24
8	but not directing, debtors to pay		
9	prepetition obligations for various		
10	insurance policy-related costs approved		
11	Debtors motion for final order authorizing,	41	6
12	but not directing, debtors to continue to		
13	collect and pay applicable taxes and fees		
14	approved		
15	Debtors' motion on two items of	42	1
16	rejection-related relief approved		
17	Debtors' motion for order approving	42	10
18	procedures for sale, transfer or		
19	abandonment of de minimis assets		
20			
21			
22			
23			
24			
25			

C E R T I F I C A T I O N

I, Clara Rubin, certify that the foregoing transcript is a true
and accurate record of the proceedings.

CLARA RUBIN

Veritext LLC

200 Old Country Road

Suite 580

Mineola, NY 11501

Date: April 16, 2009